

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY (“HTA”),

Debtor.

PROMESA
Title III

No. 17 BK 3567-LTS

**LIMITED OBJECTION OF FINANCIAL GUARANTY
INSURANCE COMPANY TO URGENT MOTION FOR ENTRY OF AN ORDER
APPROVING STIPULATION BETWEEN THE COMMONWEALTH OF PUERTO
RICO AND THE PUERTO RICO HIGHWAYS AND TRANSPORTATION
AUTHORITY REGARDING THE TOLLING OF STATUTE OF LIMITATIONS**

[Dkt. # 6126]

Financial Guaranty Insurance Company (“**FGIC**”), by and through its attorneys Rexach & Picó, CSP and Butler Snow LLP, files this limited objection (this “**Objection**”) to the *Urgent*

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are (i) the Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“PRHTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 04780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Motion for Entry of an Order Approving Stipulation Between the Commonwealth of Puerto Rico and the Puerto Rico Highways and Transportation Authority Regarding the Tolling of Statute of Limitations [Dkt. # 6126] (the “**Motion**”).² In support of this Objection, FGIC respectfully states as follows:

1. FGIC provides financial guaranty insurance covering approximately \$431 million of outstanding bonds issued by HTA. Under relevant provisions of the applicable bond documents, bond insurance policies, and applicable law, payment by FGIC neither satisfies nor discharges an issuer’s obligation to pay and, to the extent FGIC makes such payments, it obtains assignments of rights from the bondholders, becomes owner of the bonds, and/or becomes subrogated to the rights of bondholders and effectively steps into the shoes of such bondholders.

2. As is the case for the other insurers defined in the motion as the HTA Parties, FGIC believes that HTA possesses avoidance claims against the Commonwealth in connection with certain pre-petition and post-petition transfers.

3. With interests and exposure similar to the other insurers, FGIC submits it should be included among the HTA Parties. To resolve this Objection, FGIC proposes merely including FGIC as an HTA Party and adding FGIC’s counsel in paragraph 1 of the Stipulation as follows:

- a. “(iv) Butler Snow LLP, 5430 LBJ Freeway, Suite 1200, Dallas, TX 75240, Attn: Martin A. Sosland, Esq., by e-mail transmission (martin.sosland@butlersnow.com and jason.callen@butlersnow.com).”

4. FGIC does not otherwise object to the Motion or the Stipulation.

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms as in the Motion.

5. Counsel to FGIC conferred with counsel to the Oversight Board in an attempt to avoid the necessity of filing this Objection; however, counsel to the Oversight Board did not agree to the relief requested.

6. Accordingly, FGIC respectfully requests that the Court grant the Motion as amended in accordance with the proposed revision in paragraph 3 of this Objection.

Dated: April 11, 2019

Respectfully submitted,

REXACH & PICÓ, CSP

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